



MUTUAL FUNDS

# Fund Commentary

Q4 | 2011

## John Hancock Lifestyle Conservative Portfolio

FROM THE JOHN HANCOCK ASSET MANAGEMENT PORTFOLIO MANAGEMENT TEAM

The performance data contained within this material represents past performance, which does not guarantee future results. The return and principal value of an investment will fluctuate, so that shares, when redeemed, may be worth more or less than the original cost. The Fund's current performance may be higher or lower and is subject to substantial changes. For performance data current to the most recent month end, contact your financial professional or call John Hancock Funds at 1-800-225-5291.

### FUND RESULTS

The Portfolio gained 3.69% in the fourth quarter of 2011. The S&P 500 Index gained 11.82% and the Barclays Capital U.S. Aggregate Bond Index returned 1.12%. The Portfolio outperformed its blended index of 20% S&P 500 Index/80% Barclays Capital U.S. Aggregate Bond Index, which gained 3.26%. The Portfolio trailed Morningstar, Inc.'s conservative allocation category average, which gained 4.35%.\*

### MARKET REVIEW

Bonds finished a very strong year with a modest fourth quarter gain of 1.12% in the Barclays Capital U.S. Aggregate Bond Index. U.S. equity markets rebounded from third quarter losses, with the S&P 500 Index posting a gain of 11.82%. While stock market volatility continued, investors were heartened by modest signs of economic improvement in the U.S., and cautiously optimistic that European leaders were taking the right steps to contain the ongoing eurozone debt crisis. Market gains in international developed economies were more modest, with the MSCI EAFE Index gaining 3.38% in U.S. dollar terms.

### PERFORMANCE REVIEW

Asset allocation contributed positively to relative results during the quarter, helping the Portfolio outpace its blended index. Outperformance by allocations to high-yield bonds, Treasury Inflation-Protected Securities, multi-sector bonds, U.S. real estate and U.S. small- and mid-cap stocks outweighed negative contributions from international equity exposure and short-term bonds.

The shifting market currents proved to be a difficult environment for many managers, including some in our Portfolio. For example, Global Shareholder Yield Fund (Epoch) was hurt by its overweight and stock selection in the telecom sector. Alpha Opportunities Fund

(Wellington) lagged due to its cash position and selection in the consumer staples sector.

However, there were a number of bright spots among fixed-income managers. For example, Strategic Income Opportunities Fund (John Hancock) succeeded with exposure to Canadian bonds and currency, as well as government bonds from the Philippines and New Zealand. Total Return Bond Fund (PIMCO) gained from an overweight in long-duration U.S. bonds and holdings of well-capitalized financial institutions. Spectrum Income Fund (T. Rowe Price) benefited from allocations to dividend-paying stocks, as well as its exposure to high-yield and emerging-market bonds.

### OUTLOOK

We believe the economic fundamentals in the U.S. continue to point to slow, grind-it-out growth, not a double-dip recession. On the negative side, momentum in Europe clearly has slowed, with the consensus pointing to a recession in 2012. The potential negative impact on the U.S. is significant, especially if the eurozone debt crisis deteriorates. Slower-than-expected growth in China remains a threat, as well.

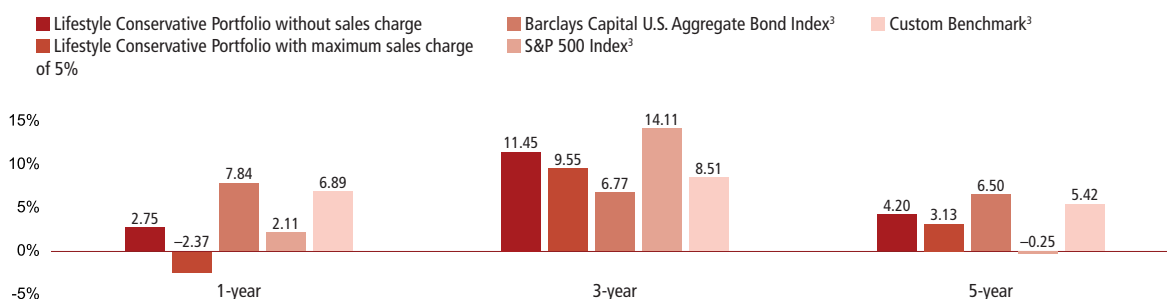
In anticipation of modest equity returns and continued volatility, we have increased our exposure to defensive strategies that are expected to deliver equity-like returns over an economic cycle, but with a smoother ride than the market. Our other major equity theme seeks growth through emerging-market equities. In the bond market, we emphasize a range of fixed-income managers with flexible mandates in sectors such as high yield, global and multi-sector to identify promising opportunities.

The Portfolio uses a broad mix of fixed-income and equity exposures to seek income and capital growth, while minimizing volatility. We continue to believe that actively managing this broadly diversified blend offers investors an attractive approach — especially in difficult, shifting market conditions like those recently experienced.<sup>1</sup>

\*Performance for Class A shares only at net asset value. Please visit our Web site at [www.jhfunds.com](http://www.jhfunds.com) for performance of other share classes.

This commentary reflects the views of the portfolio managers through December 31, 2011. The managers' views are subject to change as market and other conditions warrant. No forecasts are guaranteed. This commentary is provided for informational purposes only and is not an endorsement of any security, mutual fund, sector or index. John Hancock Asset Management, John Hancock Investment Management Services, LLC, and their affiliates, employees and clients may hold or trade the securities mentioned in this commentary.

**AVERAGE ANNUAL TOTAL RETURNS — CLASS A (12/31/11)<sup>2</sup>**



The Portfolio's total annual operating expense ratio as of the current prospectus is 1.33%. This figure is based on estimated expenses of the underlying funds in the Portfolio. Expenses for other share classes will vary, which will affect returns. Performance figures assume that all distributions are reinvested. Performance quoted without sales charges would be reduced if the sales charges were applied.

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**A portfolio's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information about the Portfolio. To obtain a prospectus, contact your financial professional, call John Hancock Funds at 1-800-225-5291 or visit our Web site at [www.jhfunds.com](http://www.jhfunds.com). Please read the prospectus carefully before investing or sending money.**

*The Portfolio's performance depends on the Adviser's skill in determining the strategic asset class allocations, the mix of underlying funds and the performance of those underlying funds. The underlying funds' performance may be lower than the performance of the asset class which they were selected to represent. The Portfolio is subject to the same risks as the underlying funds in which it invests, which include the following: stocks and bonds can decline due to adverse issuer, market, regulatory or economic developments; foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability; and the securities of small-capitalization companies are subject to higher volatility than larger, more established companies; high-yield bonds are subject to additional risks, such as increased risk of default. The distribution rate and income amounts reflect past amounts distributed and may not be indicative of future rates or income amounts. Distribution rates and income amounts can change at any time. For additional information on these and other risk considerations, please see the Portfolio's prospectus.*

**For more information, call your financial professional or John Hancock Funds at 1-800-225-5291.**



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1 All index performance via Morningstar Direct.  
 2 Source: Morningstar, Inc. Performance for other share classes may vary, and returns assume all dividends and capital gains are reinvested. Performance results reflect any expense reductions. Without these reductions, performance would have been less favorable.  
 3 The S&P 500 Index is composed of 500 widely held common stocks. The Barclays Capital U.S. Aggregate Bond Index includes U.S. government, corporate and mortgage-backed securities with maturities up to 30 years. These indexes are the Portfolio's primary benchmarks. However, a custom benchmark which consists of 20% S&P 500 Index and 80% Barclays Capital U.S. Aggregate Bond Index is also shown to reflect the Portfolio's asset allocation under normal conditions. It is not possible to invest directly in an index.

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